



May 6, 2020

Enforcement File: 20-105FSJ

Saguaro Resources Ltd.
Suite 440, 222-3rd Avenue SW
Calgary, AB T2P 0B4

Attention: Mr. Mike Mullenix

RE: Warning: Fail To Comply With Condition Of An Authorization

Dear Mr. Mullenix,

Saguaro Resources Ltd. (Saguaro) holds conditional water license C134369 issued under the Water Sustainability Act. This license contains the following condition:

The license holder shall keep records on daily water withdrawals in units of cubic metres. This information must be submitted to the Commission via the relevant process at the time of submission on a quarter-annual basis, on or before January 25, April 25, July 25 and October 25, for the preceding three month period. This requirement for water use reporting can be amended from time to time as directed by the Water Manager

This condition provides the company three weeks to compile its water withdrawal data and to submit a report to the Oil and Gas Commission (Commission). A report for the months of January, February and March was due no later than April 25, 2020. On

May 1, 2020, the Commission contacted Saguaro and the required report was received on May 1, 2020, 6 days past the due date.

Late reporting may result in issuance of a violation ticket. The Commission notes Saguaro has no non-compliance history related to late water licence reporting. Given the circumstances, Saguaro is hereby issued a warning only for the following:

Saguaro, on or about April 26, 2020, at or near Fort St. John in the Province of BC, did fail to comply with the condition of an authorization contrary to Section 106(3)(k) of the Water Sustainability Act.

If Saguaro has any questions about this matter please feel free to contact the undersigned.

Sincerely,

<original signed by>

Oil and Gas Commission